

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1520-01
Bill No.: HB 791
Subject: Licenses - Motor Vehicle; Law Enforcement Officers and Agencies
Type: Original
Date: March 2, 2015

Bill Summary: This proposal creates a specialized personal license plate for fallen law enforcement officers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	Minimal	Minimal	Minimal
Total Estimated Net Effect on General Revenue	Minimal	Minimal	Minimal

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Highway Fund	(Minimal)	(Minimal)	(Minimal)
Total Estimated Net Effect on <u>Other</u> State Funds	(Minimal)	(Minimal)	(Minimal)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any Of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** assumes this proposal allows any person, after an annual payment of a \$25 emblem-use fee to the Missouri Fraternal Order of Police (MoFOP), to apply for special personalized motor vehicle license plates honoring a fallen law enforcement officer for any vehicle the person owns, either solely or jointly, other than an apportioned motor vehicle or a commercial motor vehicle licensed in excess of eighteen thousand pounds gross weight.

The following procedures will need to be implemented for the changes in this proposal:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$890 in FY '16.
- The Application for Military Personalized License Plates (DOR-1716) will need to be revised to include a new plate type. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY '16.
- The Department's web site will need to be updated to include the new plate type. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$240 in FY '16.
- The Department would incur 20 overtime hours for a Revenue Processing Tech II to set up the new specialty plate within Motor Vehicle Bureau systems and testing at a cost of \$467 in FY '16.
- The Department would incur 25.92 hours of programming the new speciality plate type and facilitate the process through the Titling and Registration Internet Processing System at a cost of \$1,944 in FY '16.

In summary, DOR assumes a cost of \$4,431 (\$890 + \$890 + \$240 + \$467 + \$1,944) in FY 2016 to provide for the implementation of the administrative changes in this proposal.

Oversight assumes at least some of these expenses could be absorbed by DOR.

ASSUMPTION (continued)

Set-up, Mailing & Plate Manufacturing Cost:

Set-up:

The Department is charged \$215 for the initial set-up of a new specialty plate for passenger, truck, RV, disabled and motorcycle plates. This is a one-time fee that will be charged upon passage of this bill in FY '16.

Mailing:

It is unclear as to how many qualified applicants would apply for these plates. DOR has made the assumption that there would be 200 applicants per year.

It currently costs the Department, on average, \$5.55 to ship a box of 10 sets of plates to license offices once they have completed the manufacturing process through Missouri Vocational Enterprises (MVE).

DOR assumes with 200 applications per year, it would cost the Department \$93 in FY '16 (10 months), \$114 in FY '17, and \$117 in FY '18 to ship sets of plates to contract offices in various regions across the state.

Note: \$5.55 is an average cost, as the cost may decrease or increase based on the weight of the package, the area to which it is being sent, and how many boxes are being sent at one time.

DOR would also incur an additional postage cost for mailing notifications to those applicants notifying them their plates are ready for pickup at the respective license office.

- With 200 applications, it would cost \$93 in FY '16 (10 months), \$114 in FY '17, and \$117 in FY '18 for envelopes (\$0.04), letters (\$0.025), and postage (\$0.49).

Plate Manufacturing:

DOR also pays \$3.50 per flat plate (all specialty and personalized license plates are flat plates). The cost of the plate is taken from Highway Funds. Therefore, DOR assumes a cost to the Highway Fund of \$1,167 (10 applicants x \$3.50 per plate x 2 plates per vehicle - all at 10 months of the first year because of the August 28, 2016 effective date) in FY 2016, \$1,435 in FY 2017, and \$1,471 in FY 2018 (using a 2.5% cost increase in fiscal years 2016 and 2017).

ASSUMPTION (continued)

In summary, DOR assumes a cost of \$5,999 (\$4,431 + \$215 + \$93 + \$93 + \$1,167) in FY '16, \$1,663 (\$114 + \$114 + \$1,435) in FY '17 and \$1,705 (\$117 + \$117 + \$1,471) in FY '18 to provide for personnel changes, set-up, mailing and plate manufacturing cost.

Revenue Impact

Assuming there will be 200 applicants for these plates per year, there would be an increase in revenue from the \$15 specialty plate fee of \$2,500 in FY '16 (10 months) and \$3,000 in FY '17 and FY '18 to the General Revenue Fund.

Officials from the **Department of Corrections** assume the proposal will have no fiscal impact on their organization.

Oversight will estimate a minimal increase in revenue to the General Revenue Fund generated from the \$15 specialty plate fee. Oversight will also estimate a minimal cost for the set-up and processing of specialty license plates to the General Revenue Fund and to the Highway Fund. Oversight assumes the revenue into the General Revenue Fund will at least cover the estimated costs from the proposal, resulting in a positive "Minimal" estimated net effect to the General Revenue Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Revenue - DOR</u>			
Specialty plate fees (\$15 per applicant)	Minimal	Minimal	Minimal
<u>Cost - DOR</u>			
Processing costs for specialty plates	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>Minimal</u>	<u>Minimal</u>	<u>Minimal</u>

<u>FISCAL IMPACT - State Government</u>	FY 2016	FY 2017	FY 2018
(continued)	(10 Mo.)		

HIGHWAY FUND

<u>Cost - DOR</u>			
Manufacturing Cost (\$3.50 per plate)	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>

**ESTIMATED NET EFFECT ON
 HIGHWAY FUND**

	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2016	FY 2017	FY 2018
	(10 Mo.)		
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal would allow a person who makes a donation to the Fraternal Order of Police (MoFOP) to apply for a specialty personalized license plate to honor a fallen law enforcement officer. This plate is available for a solely or jointly owned vehicle provided that it is not an apportioned motor vehicle or a commercial motor vehicle in excess of 18,000 pounds.

To obtain the plate, an applicant must make a donation of at least \$25 per year to the MoFOP. The MoFOP will then issue the applicant proof of the donation. The applicant must then submit the proof of donation as well as an application to the Director of the Department of Revenue, and pay a \$15 fee in addition to the regular registration fee.

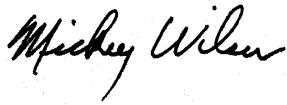
Finally, if the person fails to make the required annual donation to the MoFOP, the director will issue the person standard license plates.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Revenue
Department of Corrections

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

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Director
March 2, 2015

Ross Strobe
Assistant Director
March 2, 2015